



PREPROPOSAL STATEMENT OF INQUIRY

CR-101 (June 2004)

(Implements RCW 34.05.310)

Do NOT use for expedited rule making

Agency: Department of Revenue

Subject of possible rule making:

- WAC 458-40-660 Timber excise tax -- Stumpage value tables -- Stumpage value adjustments;
- WAC 458-40-610 Timber excise tax -- Definitions;
- WAC 458-40-640 Timber excise tax -- Stumpage value area (map);
- WAC 458-40-650 Timber excise tax -- Timber quality codes defined; and
- WAC 458-40-680 Timber excise tax -- Volume harvested -- Approved scaling and grading methods -- Sample scaling --Conversions

Statutes authorizing the agency to adopt rules on this subject: RCW 84.33.096, 82.32.300, and 82.01.060(2).

Reasons why rules on this subject may be needed and what they might accomplish: See attachment.

Identify other federal and state agencies that regulate this subject and the process coordinating the rule with these agencies: Although the U.S. Forest Service and Washington State Department of Natural Resources both regulate forest practices, neither is involved in valuation for taxation purposes. The non-tax processes and definitions are coordinated with these agencies to avoid conflict, but there is no need to involve them in the valuation revisions addressed provided in these rules.

Process for developing new rule (check all that apply):

☐ Negotiated rule making

☐ Pilot rule making

☐ Agency study

☒ Other (describe) Parties interested in this rule making may contact the individual

listed below. The public may also participate by providing written comments throughout this rule making or giving oral testimony at the public meeting or public hearing.

How interested parties can participate in the decision to adopt the new rule and formulation of the proposed rule before publication:

Written comments may be submitted and should be directed to Mark E. Bohe at either of the following addresses:
email: markbohe@dor.wa.gov, or mailing address: Mark Bohe, ITA Division, PO Box 47453, Olympia, WA 98504-7453.

Written and oral comments will be accepted at the public meeting.

Public meeting location:

Capitol Plaza Building
4th Floor – L&P Large Conference Room
1025 Union Avenue SE
Olympia, Washington

Assistance for persons with disabilities:

Contact Mary Carol LaPalm (360) 725-7499 or Renee Cosare (360) 725-7514 no later than 10 days before the meeting date.
For Hearing Impaired please contact us via the Washington Relay Operator at (800) 833-6384.

Date: April 10, 2012 **Time:** 10:00 AM.

Date March 5, 2012

Name Alan R. Lynn

Signature

Title Rules Coordinator

CODE REVISER USE ONLY

OFFICE OF THE CODE REVISER
STATE OF WASHINGTON
FILED

DATE: March 05, 2012

TIME: 1:40 PM

WSR 12-06-056



STATE OF WASHINGTON
DEPARTMENT OF REVENUE

Reasons why rules on this subject may be needed and what they might accomplish:

RCW 84.33.091 requires the Department of Revenue to revise the stumpage value tables every six months. The Department establishes stumpage value tables to apprise timber harvesters of the timber values used to calculate the timber excise tax. The Department anticipates amending WAC 458-40-660 to provide valuations for the 2nd half of 2012.

The Department's anticipated changes include consolidating stumpage value areas (SVAs), which will result in the elimination of other SVAs, and changes to some log quality codes. Other rules in chapter 458-40 WAC will need to be amended to recognize these changes. Possible changes include the following.

WAC 458-40-610, Timber excise tax - Definitions: This rule provides definitions of terms used in other rules prescribing the policies and procedures for the taxation of timber harvested from public and private forest lands as required by RCW 84.33.010 through 84.33.096. Possible changes include updating the following definitions:

- Subsection (25) (e) **Small logs**
- Subsection (25) (f) **Sawlog**
- Subsection (30) **Thinning**

WAC 458-40-640, Timber excise tax - Stumpage value area (map): Map to be updated to combine SVA 6, 7, and 10 into one Eastern Washington SVA 6.

WAC 458-40-650, Timber excise tax – Timber quality codes defined:

- Updating Table 1 by removing SVA 10 and making "All conifer and all hardwoods" Quality Code 1 for all log grades.
- Updating Table 2 by removing SVA 7 and making "All conifer and all hardwoods" Quality Code 1 for all log sizes.

WAC 458-40-660, Timber excise tax – Stumpage value tables – Stumpage value adjustments: In addition to updating existing valuations for the 2nd Half of 2012:

- Stumpage Value Tables - eliminate SVA 6 and 10;
- Harvest Adjustment Tables – remove references to SVA 10 and SVA 7; and
- Domestic Market Adjustment –for SVA 1-5 only, eliminate Quality Code 2, leaving only Quality Code 1.

WAC 458-40-680, Timber excise tax — Volume harvested — Approved scaling and grading methods — Sample scaling — Conversions: Remove all references to SVA 7 and SVA 10.